

Laissez-faire versus Strict Control of Political Finance: Hegemonic Parties and Developmental States in Malaysia and Singapore

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Laissez-faire versus Strict Control of Political Finance: Hegemonic Parties and Developmental States in Malaysia and Singapore

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ABSTRACT: This article compares the financing of political parties and candidates in two Southeast Asian countries. In Malaysia, some political finance regulations exist only on paper, and political financing is for the most part not restrained at all. In contrast, the financing of candidates and parties has always been tightly circumscribed in Singapore. These different strategies, “laissez-faire” versus “strict control,” are the consequence of various factors. In Malaysia, the New Economic Policy has effected a close, often economically unproductive linkage between the state, the ruling Barisan Nasional coalition, and business. The rise of businesspeople has resulted in the commercialization of competition within (the United Malays National Organisation. Additionally, increasing competition between the ruling coalition and the opposition has resulted in growing expenditures for electioneering in the form of advertisements and electoral patronage. The laissez-faire style of regulation has been compounded by the difficult-to-control practices in East Malaysia (Sabah and Sarawak), where vote buying, electoral patronage based on the largesse of oligarchs, and obvious nonobservance of the rules have been typical. In contrast to Malaysia as a whole, the costs for parties and candidates are still relatively low in Singapore. As a cadre party, the PAP (People’s Action Party) is relatively autonomous from private business interests, and intraparty competition is not commercialized; the developmentalist state is highly productive, and the ties between the state, the PAP, and business are not characterized by cronyism. Moreover, electioneering is not very commercialized because the opposition is still relatively weak.

Keywords: Political finance; developmental state; political parties; Singapore; Malaysia

Political finance encompasses the incomes and expenditures of candidates and political parties. Parties (and candidates) receive their money through different channels: public subsidies and indirect public funding, indigenous and foreign private donations from individuals or corporations, membership fees, levies from members of parliament, and commercial activities. Very often, the sources of donations are shady. In October 2012, ahead of the 2013 elections in Malaysia, the minister in the Prime Minister’s Department, Nazri Aziz, stated in a written reply to a member of parliament’s question that the RM40 million (approximately US\$12 million) smuggled in from Hong Kong by a Sabah businessman was a contribution to the Sabah UMNO (United Malays National Organisation) and not intended for Chief Minister Musa Aman; thus, “no element of corruption was proven.”¹ In early August 2015, it was reported that Malaysian Prime Minister Najib Razak had received \$700 million as a donation somewhere from the Middle East for the electoral campaign back in 2013.² In Singapore, the sale of town council management software by People’s Action Party (PAP) MPs to the PAP-owned company Action Information Management (AIM) as the sole bidder caused a stir in 2011.³

¹See <http://www.transparency.org.my/category/what-we-do/reforming-political-financing/> (accessed 9 December 2013).

Note: Unless otherwise noted, dollar figures hereafter are presumed to be US currency.

²The Malaysian Insider 2015.

³The Straits Times 2013b.

The financing of parties and candidates in Asia is highly important but still understudied.⁴ Although the campaigning and daily work of political parties and politicians are dependent on money, political research focuses more on the organizational forms or institutionalization of political parties, on the types of parties, and on the effects of electoral systems, and much less on funding. Comparative studies are especially rare. In addition, the literature places a strong emphasis on regulatory frameworks without taking into account the wider connections between politics and the economy. Regulatory patterns identified by Karl-Heinz Nassmacher,⁵ for example, include two types of limited regulation (transparency and autonomy), a pattern of tight monitoring (advocacy), and one of diversified regulation. These patterns are based on the formal regulations in each country, not on how these regulations are implemented in practice. These basic patterns do not sufficiently take into account the lack of law enforcement and the grey area between legality and illegality in young democracies and authoritarian systems. In these countries, real political behavior is often more of a compromise with existing laws.

Indeed, nowhere in Southeast Asia does a well-functioning, transparent, and fair party-and candidate-financing regime exist; major problems include overspending, illegal contributions, and weak oversight and law enforcement.⁶ Within authoritarian systems the reasons for this situation are clear: rulers do not want to establish a level playing field. In regimes like those of Singapore and Malaysia, the political elites of the ruling parties have an interest in reducing political competition without regressing back to closed authoritarianism. Both countries are electoral authoritarian regimes.⁷ They are not democratic, but neither do they rely on naked repression. Elections are not fully competitive and open, but they so legitimate the ruling elite. In this vein, both countries have been labeled “soft authoritarian” polities.⁸

The two countries share a past as parts of British Malaya and were united for a time – 1963 to 1965 – in a single independent state, the Federation of Malaysia. Both are developmental states with strong state apparatuses.⁹ Because of their powerful bureaucracies, they have also been characterized as “administrative states.”¹⁰ According to Milton Esman,¹¹ in such a regime, the state is the guiding and controlling institution and does not respond much to societal pressures. Bureaucratic institutions, personnel, values, and style are more important than political and participative organs. These machineries were developed by the British against powerful postwar labor movements and, in Malaya, against communist insurgents. Moreover, supported by local elites the colonial power imposed direct taxes on individual and corporate incomes and introduced the Employees’ Provident Fund (EPF) and the Central Provident Fund (CPF), which fostered huge public savings. The two states thus had substantial revenues with which to build strong states. After 1965 in Singapore and 1969 in Malaysia, the PAP and UMNO further strengthened their power (Figure 1).

I argue that the form of political financing depends only partly on the regulatory framework. An analysis of political finance and political finance regulation generally requires the overall assessment of party rule or organization and the political economy at large, here understood as the specific constellation of state apparatus, ruling parties/coalitions, and business interests. In Singapore, political finance regulations are very strict, whereas in Malaysia a laissez-faire attitude is predominant. In Singapore, the official regulatory framework is implemented without substantial infringements; in Malaysia, many regulations only exist on paper. In Malaysia, UMNO controls the state, the government-linked corporations (GLCs), its own business empire, and many big entrepreneurs. In Singapore, the PAP and the state are almost identical, but the PAP does not rule over the state apparatus. Rather, a party-state amalgam controls GLCs and has a huge impact on the economy. In East Malaysia, especially in Sarawak

⁴Scarow 2007.

⁵Nassmacher 2003.

⁶Ufen 2014.

⁷Schedler 2006.

⁸Means 1996.

⁹Stubbs 2012; Slater 2012, 21.

¹⁰Esman 1972; Chan 1975.

¹¹Esman 1972.

(and this is a pattern that is not uncommon in other parts of Southeast Asia), ruling parties are weak and they themselves are often vehicles for entrepreneurs.

This article is organized as follows. The first part outlines and analyzes the political finance regime in Malaysia. The unique role of party business, the rising costs of campaigning, and the systematic weakness of the political finance regime are highlighted. This part also includes a section on East Malaysia, that is, the states of Sarawak and Sabah. The subsequent analysis of the Singaporean case stresses the hegemony of the PAP, which enables the regime to strictly regulate the financing of parties and candidates. The conclusion summarizes the results of the comparison.



Figure 1. Elections in Malaysia and Singapore. (L) Opposition People's Justice Party candidate Rafizi Ramli shakes hands with supporters during a parliamentary election campaign stop in April 2013. (Firdaus Latif / wikimedia.org) (R) Secretary-General of the Workers' Party of Singapore Low Thia Kiang addresses a party rally prior to Singapore's general election in 2011. (Abdul Rahman / wikimedia.org)

Malaysia: Party Business, Crony Capitalism, and Loose Regulations

A Hegemonic Coalition and Manipulated, Semi-competitive Elections

Malaysia is not a closed authoritarian regime, but rather an electoral authoritarian regime with limited forms of participation; however, it has been a multiparty system with semi-competitive elections. The ruling coalition typically arranges for its own victory by means of gerrymandering; mal-apportionment; vote buying; media monopolies; repression of the opposition; and curtailed freedom of speech, organization, assembly, etc.¹² Such manipulations have so far guaranteed the uninterrupted reign of the multiparty coalition. In the 2013 elections, there were large numbers of unexplained new voters in some constituencies, and electoral rolls were faulty because of multiple registrations and the registration of nonresidents. The supposedly indelible ink (used to identify those who had voted) could be washed off, advance or postal votes were cast in police stations without opposition monitors, and the number of registered overseas voters was still very small. An election commission that is fully controlled by the government is responsible for “monitoring” these deficiencies.

The three partners in the Alliance (the first ruling coalition) were UMNO, the Malaysian Chinese Association (MCA), and the Malaysian Indian Congress (MIC). These three remain important parties in the Barisan Nasional (National Front, BN), which has been the ruling coalition since the early 1970s, with UMNO as its lynchpin. Today, the BN consists of thirteen parties, many of which represent specific ethnic groups. In contrast to the relatively solid BN, the opposition has traditionally been fragmented. Yet a significant change occurred in the party system during the 1999 elections, when the most important

¹²Case 2013; Welsh 2013; Weiss 2014.

opposition parties – the Parti Islam SeMalaysia (Pan-Malaysian Islamic Party, PAS), the Democratic Action Party (DAP), and the Parti Keadilan Rakyat (People’s Justice Party, PKR) – together formed the Alternative Front. This was due to the pro-democratic Reformasi movement, which arose out of protests in solidarity with the sacked deputy prime minister, Anwar Ibrahim, who had been arrested in September 1998.¹³ The BN still won more than two-thirds of the mandates in 1999, and in 2004 it even achieved its greatest success since the 1950s (Figure 2). In the 2008 and 2013 elections, however, the opposition, now the People’s Alliance (Pakatan Rakyat), won considerably more votes. It even has a chance of taking over the reins of government in the next national election, which will probably be held in 2018. Particularly because of new social media and an accelerating rejuvenation of the electorate, authoritarianism is increasingly coming under pressure. The opposition parties offer reasonably different policy packages and visions for the future of the country. Nevertheless, Malaysia is still an electoral authoritarian regime with a dominant party/ coalition that holds sway over the official media. The ruling parties are both electoral machines and patronage agencies¹⁴ and they have also adopted some characteristics of mass integration parties with very large membership. Above all, some of the most powerful parties are connected to or even own huge corporations.

The Unique Role of Party Business

In the 1950s and 1960s, UMNO was weakly institutionalized and was not able to mobilize large amounts of funding. The Alliance coalition’s electoral campaigning was to a large extent financed by the much smaller MCA. But UMNO grew increasingly stronger and has clearly dominated party politics at least since the early 1970s, when it began establishing its own business conglomerate. Thereafter, the state apparatus began, in many cases, to become almost identical with UMNO.



Figure 2. A young Barisan Nasional supporter responds to an address by BN chairman Datuk Seri Najib Tun Razak during an election rally at a stadium in Bukit Jalil on April 6, 2013. (Firdaus Latif / wikimedia.org)

In the early 1970s, some party leaders established the UMNO Political Fund. This secret Fund was never disclosed, not even to the Supreme Council. In 1972, they bought the *New Straits Times Press*. The largest shareholder was Fleet Holdings Sdn. Bhd., a corporation that was indirectly linked to UMNO.

¹³Ufen 2009.

¹⁴Loh 2003.

Daim Zainuddin became treasurer of the party in the early 1980s and under him Fleet Holdings adopted an aggressive growth strategy.¹⁵ At the same time, Daim built his own business empire and acted as a trusted advisor to Mahathir bin Mohamad. The state apparatus, UMNO, and businesses started by UMNO members and cronies produced a “party-led crony capitalism,”¹⁶ making it difficult to distinguish between patronage and the implementation of the pro-*Bumiputera*¹⁷ New Economic Policy (NEP).¹⁸ At the divisional and branch level, UMNO leaders became “urban-based business-cum-‘weekend politicians’.”¹⁹ The appropriation of rents was propelled by rigged tenders, licenses, and subsidies; the privatization of state enterprises; the manipulation of stock market prices; and the handing out of underpriced shares.

The attempt to create competitive *Bumiputera* firms in the industrial sector has largely failed, partly because the state has favored Malay cronies over more productive domestic firms.²⁰ One component of the NEP was a 1975 regulation demanding that each quoted firm had to allocate a minimum of 30 percent of its equity to *Bumiputera*. Government-linked organizations such as Khazanah Nasional, Permodalan Nasional (PNB), the Ministry of Finance, Inc., Petroliaam Nasional, Bhd. (Petronas), the Employees Provident Fund, and Lembaga Tabung Haji acquired these assets on behalf of their *Bumiputera* clientele. Leading UMNO politicians are still frequently offered directorships and chairmanships in companies.²¹

In the 1990s, political business ties became “increasingly personalized as control of UMNO assets was transferred to individuals,”²² so that UMNO could claim not to be involved in business any longer (Figure 3). Many politicians took over companies, and managers of firms owned by UMNO were often former politicians.²³ Today it is difficult to trace ownership structures, and “the links between politics and business have become far more complex and covert.”²⁴ The party still holds major assets in an array of companies, but exact numbers are impossible to obtain.²⁵ Flagship companies do not coordinate its business, however. Rather, the party invests through unlisted companies that it does not control or manage. At the same time, UMNO’s party machinery has come to be increasingly dominated by businesspeople.

Other members of the ruling coalition, such as the MIC and the MCA, also possess companies. In 2011, the MCA’s assets were worth RM2 billion. The party also received a dividend from the biggest English-language daily, *The Star*, which was worth RM50 million that same year.²⁶ This newspaper and the party headquarters, Wisma MCA, which were previously managed by the investment arm of the MCA, Huaren Holdings, are now directly under the party’s control. However, the financing of the party is still opaque.²⁷

¹⁵Wain 2009, 132.

¹⁶Abegaz 2013.

¹⁷The *Bumiputera* (“sons of the soil”) are composed mostly of Malays. Other, predominantly East Malay- sian, ethnic groups that belong to the *Bumiputera* are the Dayak, Melanau, Bajau, Kadazandusun, and Murut.

¹⁸Gomez 2002, 86.

¹⁹Gomez and Jomo 1997, 121.

²⁰The “unproductive political-business ties” (Gomez 2009) also led to the factionalization of UMNO (Gomez and Jomo 1997, 124-126). In the 1987 party elections, UMNO splintered into two groups and the losing faction became part of the opposition for a few years.

²¹TI-M 2011, 89.

²²Gomez 2002, 97.

²³Ibid., 1387.

²⁴Ibid., 1388.

²⁵*Asia Sentinel* 2010. In 2003, Abdullah Badawi was handed over assets worth RM1.4 billion (Wain 2009, 126).

²⁶TI-M 2011.

²⁷Currently, two thirds of the central committee members must approve decisions on financial decisions, but the strong position of the president prevents transparent decision making in many cases (see <http://www.fz.com/content/mca-division-chiefs-form-panel-watch-party-assets#ixzz2g3Xx5uYd> [accessed 12 May 2014]). Therefore, twenty-three division chairmen formed the Safeguard Party Assets Committee and press- ured party president Chua Soi Lek to provide for greater transparency and professionalism regarding the management of party assets.

For a long time, this close connection between business and political parties, especially UMNO, has had repercussions for the political finance regime. UMNO has not been interested in transparency, preferring instead to have a regime that stifles opposition and curtails political competition as much as possible. Restricted competition means short campaign periods, contained political advertising, and, thus, limited expenses. Nonetheless, and especially because of the strengthened opposition, campaign costs have increased substantially over the years. Expenses for political competition have been on the rise since the 1950s, but have particularly accelerated since 1999.²⁸

The logic of minimizing competition and costs does not, however, apply to contests for positions within the ruling parties themselves. The rise of businessmen within UMNO has been accompanied by the commercialization of intraparty elections. This commercialization was amplified in 1984 when the deputy president was elected for the first time. This decision to allow for voting unleashed vote buying in the general assembly, with more than RM20 million spent on the practice in the 1984 election. In 1990, bonus votes and a quota system were introduced to weaken the power of the ordinary delegates. However, this did not have the expected results, and in the 1993 contest for the post of deputy president, when Anwar Ibrahim beat Ghafar Baba, RM200–RM300 million were reputedly handed out by one faction alone.²⁹ Although money politics were forbidden and new sanctions for infringements were announced in 1994, it is an open secret that even today only rich people can rise to top leadership positions. According to Mahathir, “practically everyone who was elected to the [UMNO] Supreme Council in 2009 won because they used money.”³⁰



Figure 3. Datuk Seri Najib Razak, president of the United Malays National Organisation, addresses a UMNO General Assembly in Kuala Lumpur, 1 December 2012. (Firdaus Latif / wikimedia.org)

Financing Party Work and Campaigns

In the 1950s and 1960s, UMNO was still in desperate need of funding and was, therefore, dependent on the MCA. During the 1955 elections, the MCA had borne the bulk of expenses for the MCA–UMNO coalition, and “MCA funds – to the tune of M\$500,000 – would also help secure the Alliance’s electoral victory in the first elections for a fully-elected assembly in August 1959.”³¹ Election expenses for the Alliance were higher in 1959 than in 1955, and in 1964 the parliamentary election costs were approximately twice as high as in 1959. This increase was due to the intense competition with PAS in the northern states of Kelantan and Terengganu and the huge disbursements for party helpers.³²

²⁸Thornton 2003, 148; Gomez 2012, 1381.

²⁹Gomez 2012, 1386.

³⁰TI–M 2011, 66. In order to confine vote buying within UMNO, the leadership decided to widen the selectorate at the UMNO elections in 2013. Anecdotal evidence suggests that this has not fundamentally changed the practice.

³¹White 2004, 392.

³²Milne and Ratnam 1965, 196–198.

In 1964, when Singapore was still part of Malaysia, the Alliance spent approximately three times as much as the other parties. The total amount was around RM11 million, mostly for transport, posters, and party workers. Most of the money was donations from businesspeople. At least two-thirds of Alliance election finance came from the center, whereas candidates from opposition parties often had to shoulder a very high proportion of campaign expenses themselves.³³ Pork barrel politics were rampant – for instance, “when governmental payments to Chinese schools were handed over in person by a minister” or when “party officials gave out social welfare money to needy fishermen in a candidate’s house.”³⁴ Nonetheless, campaigning was more fairly organized than today in at least one respect: according to an agreement, 50 percent of the radio time for party political speeches was divided among opposition parties.³⁵

In the 1970s, after the so-called racial riots of 1969, the Alliance was extended to become the BN, a much-larger ruling coalition with much-stronger hegemony on the part of UMNO. Backed by a media monopoly, a range of oppressive laws and patronage opportunities as a result of the NEP, the BN easily upheld its dominance over the fractious opposition. Since the emergence of the pro-democratic *Reformasi* movement in 1998/99, however, elections have been more competitive, and in 1999, 2008, and 2013 opposition parties increased their clout in a step-by-step manner. This, again, has intensified a sense of urgency within the BN and led to the conclusion that voter mobilization has to be stepped up. The opposition parties, perceiving a realistic chance to win elections, have likewise invested more energy in refining their campaigns. Yet even today, the opposition parties are cash-strapped.³⁶ Membership fees are usually nonexistent or extremely small. DAP members pay RM2 annually, and PAS members pay RM3. Parties have to rely on contributions from members of the state assemblies and the national parliament, and on private contributions made via fund-raising dinners or at *ceramah* (public talks). Another important source of funding is party newspapers such as DAP’s *The Rocket*, PKR’s *Suara Keadilan*, and PAS’s *Harakah*, the latter of which has a very high circulation. In recent years, even the opposition parties have received some money from entrepreneurs, especially in states where they rule, such as Selangor or Penang. Although hard data are not available, DAP, PAS, and PKR appear to have much smaller budgets than some of the BN parties. This is indicated by obvious differences in candidates’ campaign financing. The BN distributes a campaign allowance to its candidates that approximately commensurate with the official limits set by the Election Commission. People’s Alliance candidates in some cases receive assistance from their respective parties, but usually no more than RM20,000 (\$6,400) per candidate.³⁷ Moreover, the members of the ruling coalition, and not those belonging to opposition parties, receive yearly special constituency allocations (SCA) amounting to RM1–RM2 million per member of parliament.³⁸ The extra money BN policy-makers receive, is used, for example, for service-cum-complaint centers in their constituencies. These centers assist ordinary citizens and also implement smaller development projects that help nurture clientelistic relations.³⁹

Much like the case in other Southeast Asian countries, especially Thailand and Indonesia, costs are rising because of a growing industry of spin doctors. This “professionalism” has included the establishment of a permanent group of highly qualified and well-paid advisors who are particularly active in preparing and conducting campaigns and hiring pollsters.⁴⁰ During the 2004 campaign, for example, the BN used at least three advertising companies: one (Leo Burnett), designed the television commercials; the other two companies were responsible for the print and poster campaigns.

³³Ibid., 191–193.

³⁴Ibid., 189.

³⁵Ibid., 188.

³⁶On the following: personal communication with Ong Kian Ming (DAP), 22 March 2012; Dzulkefli Ahmad (PAS), 24 September 2013; Liew Chin Tong (DAP), 27 September 2013; all in Kuala Lumpur. See also Thornton 2003, 163–166.

³⁷Weiss 2013, 32.

³⁸Ibid., 30. In Penang, the Pakatan Rakyat state government also introduced SCAs for the opposition, in this case UMNO state assembly members, of over RM40,000 a year.

³⁹Loh 2003.

⁴⁰Schafferer 2006.

For the first time, direct mail played a role. Slogans such as “Excellence, Glory, Distinction” and other political messages were delivered much like those for consumer products, and the “feel good” factor, instead of threats, was stressed.⁴¹ This professionalization and commercialization of campaigning peaked in 2013.

Reports in July 2015 indicated that prior to the 2013 elections around \$700 million was transferred to the personal accounts of Najib Razak. Najib first denied that he used the money for personal gain, but he refused to say whether the money had been transferred or not. This caused a public uproar. During the investigation that followed, Najib reshuffled the cabinet, sacked Deputy Prime Minister Muhyiddin, and the attorney general. Finally, in early August he had to concede that the money *was* a donation. But it was still unclear who the donors were and how the money was used. UMNO leaders were quick to explain that depositing funds into private accounts was not forbidden.

According to Bridget Welsh,⁴² Najib managed his campaign centrally with highly paid spin doctors. And in contrast to previous elections, the government made social media one of the main- stays of its campaign. A special division trained up to 10,000 “BN cybertroopers”⁴³ in a series of workshops. Welsh maintains that entrepreneurs, who were previously quite discreet when supporting the BN, funded the 2013 campaign openly.

More important, however, is that the federal government spent RM531 million, half of it from the powerful Prime Minister’s Department, on advertisements during the first six months of 2013 alone. The BN campaign was the most expensive in Malaysian history. This was not because of single-candidate expenditures, but because of generous spending by the government. Promises to improve infrastructure, to lower taxes, and to distribute goodies to specific voter groups were always part of campaigns, but this time the Prime Minister’s Department spent approximately \$19 billion between April 2009 and May 2013.⁴⁴ This money was used for poor households as part of the “Bantuan Rakyat 1 Malaysia” (One Malaysia People’s Aid, or BR1M) program, to fund “1Malaysia” clinics, “1Malaysia” Internet centers, “1Malaysia People’s Stores,” book vouchers, schooling aid, extra payments for petty traders and plantation settlers, a special bonus at the end of Ramadan, and the like.⁴⁵ The BN often organizes the registration for these payments. During the 2013 election many voters reportedly perceived BR1M to be part of BN’s electoral campaign.

Although the campaign costs of single candidates of the BN are quite high (especially in com- parison to opposition candidates), they have not risen extraordinarily over the years; the bulk of the expenditures are made by the BN machinery - that is, mostly by UMNO and by government agencies and ministries on behalf of the BN. These expenditures have increased since the emergence of the *Reformasi* movement in 1998/99 because this is seen as the only way to defeat the opposition.

East Malaysia: Strongmen, Crony Capitalism, and Blatant Infringements

Political parties in Sarawak and Sabah have evolved differently than their West Malaysian counterparts in terms of agenda, funding, and organizational structure. Many parties have generally been weakly institutionalized; party splits and party switching have occurred frequently; and politics has been more personalized.

In East Malaysia, political parties emerged late and mass mobilization was difficult due to socioeconomic underdevelopment, the geographical seclusion of many rural areas, and the weak institutionalization of civil society organizations such as trade unions and peasant associations.⁴⁶ Against this background it was easy for big business and politicians to establish ties. The former British colonial

⁴¹Ibid., 128.

⁴²Welsh 2013, 143.

⁴³Chin 2013, 2.

⁴⁴Welsh 2013.

⁴⁵Case 2013, 140.

⁴⁶Loh 2005, 81.

government had already handed out timber licenses to political leaders, who were thus able to finance political parties as their vehicles. As Nicholas White explains, by 1968 in Sabah “the Mussolini-esque Mustapha had personally become fabulously wealthy through his own timber concessions.”⁴⁷ Chief Minister Mustapha, the leader of the United Sabah National Organization (USNO), ruled a one-party state where cronyism was a direct result of the British decolonization strategy.⁴⁸ The timber concessions nurtured an indigenous business elite that forged economic and political alliances with wealthy Chinese. This personalized type of rule was only gradually replaced from the 1990s onwards by a more routinized government that was based on the national BN model. This federalization was accompanied by the introduction of UMNO, which became the ruling party in the mid-1990s.⁴⁹ Moreover, the NEP triggered an economic transformation and “state formation”⁵⁰ - that is, the national government intensified the Sabah state administration’s dependence on federal funds. Today even electoral campaigns in the state are increasingly controlled by Kuala Lumpur. In the 2013 national elections, the above-mentioned BR1M program, centered on Najib and organized by professional agencies, overshadowed local electioneering.⁵¹ Rural voters in particular were reminded that only a vote for BN parties guaranteed the permanent flow of patronage benefits.

In postcolonial Sarawak, chief ministers Rahman Yakub and Abdul Taib Mahmud of the ruling United Traditional Bumiputera Party (Parti Pesaka Bumiputera Bersatu, PBB) gained control of both land and timber concessions. Chinese *towkay* were forced to cooperate with Malay-Muslim power-brokers to protect their businesses.⁵² Rahman Yakub (1970–1981) allegedly disbursed timber concessions worth \$9 billion.⁵³ Many of his family members were among those who received concessions. Rahman’s main strategy to build links to voters was electoral patronage, “the practice of distributing or pledging development projects, financial grants and other handouts during the elections in exchange for voters’ support.”⁵⁴ He was dependent on the backing of the central government in Kuala Lumpur, but because he guaranteed the Muslim *Bumiputera* hegemony and the federal exploitation of gas and oil reserves, he was given the chance to build his clientelistic and nepotistic networks. His nephew and successor as chief minister in 1981, Abdul Taib Mahmud⁵⁵ - who was only recently succeeded by Tan Sri Adenan Satem - further intensified the politicization of development projects.⁵⁶ Today, the Bruno Manser Fund (BMF) estimates Taib’s wealth at around \$15 billion and that of his family members at \$21 billion.⁵⁷ Although the same regulatory framework for political financing exists across Malaysia, the funding of many candidates and parties in East Malaysia differs from that on the peninsula. For a long time, parties belonging to the ruling coalitions were financed by extremely wealthy individuals. This is still the case in Sarawak but only partly the case in Sabah, where UMNO has directly gained control. In addition, the relationship between candidates and voters in East Malaysia is centered on vote buying, and patronage

⁴⁷White 2004, 404.

⁴⁸The first parties in Sabah primarily represented ethnic and/or religious groups: the United National Kadazan Organisation (UNKO) represented Kadazandusun and Murut; the United Sabah National Organisation (USNO) represented Muslims (Suluks, Bajaus and some Kadazandusun); and the Sabah Chinese Association (SCA) represented Chinese voters.

⁴⁹The 1994 Sabah state elections, as an outstanding example, were marked by blatant manipulations when the federal government tried with all its might to wrestle control from the insubordinate Parti Bersatu Sabah (PBS) government and when UMNO finally took over power because of, obviously well-remunerated, party defections. The election was marked by patronage on a grand scale, vote buying, and the deployment of “phantom voters” (including illegal migrants from neighboring countries). In all likelihood, money was even raised by manipulating the stock market through alarmist statements by government leaders (Gomez and Jomo 1997, 130ff): they would buy equities when prices were very low and would sell them after they had recovered.

⁵⁰Loh 2005, 73.

⁵¹Aeria (2013) lists items handed out to voters worth more than RM256 million.

⁵²White 2004, 405.

⁵³Faisal 2012, 101.

⁵⁴Ibid., 102.

⁵⁵On Abdul Taib Mahmud: *ibid.*, 114–116.

⁵⁶Ibid., 171–174.

⁵⁷Malaysiakini 2012.

and candidates' campaigns are more expensive than in West Malaysia.⁵⁸ This attracts rich people who are able to buy votes and distribute gifts to politics.⁵⁹

The high degree of commercialization in politics is valid for the ruling coalitions in Sabah and Sarawak, whereas opposition parties, much like those in West Malaysia, have no businesses, are not led by oligarchs, and have difficulty surviving financially. In the 2013 elections, for example, the PKR organized loss-making fund-raising events such as dinners, and it did not mobilize fees from its approximately 25,000 members. PKR candidates had to use personal funds, so that in many cases travel to distant places was impossible and money for party materials, meetings, gifts, transportation, and allowances for polling and counting agents was not available. The more urban-based DAP in Sarawak, though, was more successful and funded its campaign by selling paraphernalia, asking Chinese businessmen for donations, and gathering money at *ceramah* (public talks).⁶⁰

Laissez-faire and Tolerated Noncompliance

In authoritarian systems, ruling elites try to minimize competition. In Malaysia, for example, campaigning is restricted to a few days. But these elites are not interested in strictly regulating political finance, and because of their monetary dominance they do not actively try to limit expenditures. There are thus no bans on anonymous, foreign, or corporate donations, even if the corporations are partially government owned or have government contracts. Trade unions are also allowed to provide money to candidates and parties. All these contributions are unlimited. The only regulation concerns campaign spending limits for candidates. Candidates may spend RM200,000 in National Parliament (Dewan Rakyat) elections and RM100,000 in state assembly elections. Because there are no spending limits for parties, they can spend as much money as they want, and it is, arguably, very easy to count the expenditures of candidates as those of his/her party.⁶¹ Under the Societies Act 1966 political parties have to submit audited accounts to the Registry of Societies (ROS), but the source of the donations does not have to be disclosed.⁶²

One of the main problems is overspending by candidates.⁶³ Chua Soi Lek, who was at the time president of the MCA, stated that a candidate for the national parliament spent RM500,000 to RM1 million, well above the legal cap.⁶⁴ The Malaysian Election Commission, which is de facto under the control of the Prime Minister's Department, rarely checks candidate finances.⁶⁵ Therefore, even this regulation has no effect. The only option for the opposing party is to file a complaint in court.

Under the Election Offences Act of 1954, returns of expenditure do not include the party's expenses or those incurred before nomination day. This gives the ruling parties' candidates an additional advantage because they may know in advance when the government will dissolve Parliament and may buy paraphernalia before nomination day. Under the Societies Act 1966, UMNO was not allowed to be in business and, thus, concealed its assets via nominee companies, executives, or trusted individuals.⁶⁶ These individuals used shell companies and a confusing network of instantly reorganized and renamed businesses. Documents at the registry were often unavailable to the public. Moreover, companies with fewer than twenty individual shareholders were exempted from submitting financial statements to the Registrar of Companies. Not even the UMNO Supreme Council was informed about the real wealth of the party. The balance sheet presented at the party's general assembly was merely symbolic.

⁵⁸On money politics, vote buying, and massive overspending, see Faisal 2012; Aeria 2005, 131–134; and the chapters on Sarawak and Sabah in Wong Chin Huat and Soon Li Tsin 2012 and Weiss 2014.

⁵⁹See chapter 8 in Mersat 2005.

⁶⁰Aeria 2013.

⁶¹A61TI–M 2011, 117.

⁶²Ibid., 119; Weiss 2013, 31–32.

⁶³Thornton 2003: 148. On corrupt practices, see Wong 2012, 23–26; see also a range of examples in Wong and Soon 2012; and the case studies in Weiss 2014.

⁶⁴TI–M 2011, 110–112.

⁶⁵These need to publish the amounts of money spent from nomination until polling day.

⁶⁶Wain 2009, 125. On this form of political business see: Gomez 1994; Gomez and Jomo 1999.

In Malaysia today, public subsidies and free media access are not granted, and due to the typical authoritarian constraints on civil liberties and political rights, opposition parties are so far unable to fully compete with the regime parties. Yet there is a strong push in Malaysia to change this situation. UMNO has therefore had to step up its efforts and spend more money to mobilize voters. It has thus “presidentialized” campaigning: the federal government spent almost \$19 billion ahead of the 2013 elections to mobilize voters.

The ruling coalition does not have an interest in publicly financing parties or in providing free access to media during campaigning. When Transparency International–Malaysia (TI–M) presented its reform proposals in Parliament, BN politicians rejected all of them.⁶⁷ But even within opposition circles some have reservations about publishing the names of donors; within an authoritarian framework, naming them may mean disadvantaging them in their relationships with government agencies.

Because of the business interests of the BN parties, strict law enforcement with reference to corruption is impeded.⁶⁸ The predominant political finance models in Malaysia are untransparent self-financing via party-owned companies, direct access to public money for campaigning, patronage via the Prime Minister’s Department and other ministries, and the mobilization of private donations from businesspeople connected to the ruling coalition.

Singapore: State-led Development, State–Party Hegemony, and Tight Regulations

The People’s Action Party and the Efficient Administrative State

Before Singapore’s independence in 1965, elections were mostly free and fair. Afterwards the regime used an array of authoritarian measures such as the Internal Security Act and the Societies Act of 1967 (amended in 1988) to restrict civil society organizations and meaningful political opposition. Today the media, trade unions, and NGOs are closely controlled; rights to assemble, organize, strike, and demonstrate are restricted. The 2009 Public Order Act has further limited the right of assembly. Permits are required irrespective of the number of participants, and the police have the right to cancel meetings. Because of the highly efficient state apparatus and the size of the city, political control is so tight that terms like “Leviathan”⁶⁹ or “tyranny”⁷⁰ are often invoked. The strength of the state stems from a weak domestic bourgeoisie that was detached from the anticolonial movement. This bourgeoisie took the backseat in 1959 when self-government was established. The PAP, dominated by English-educated nationalists, formed an alliance with labor and student movements led by Chinese-educated activists. This temporary alliance excluded domestic business groups. After a split within the PAP, the left wing formed the Barisan Sosialis (Socialist Front, or BS) and was, eventually, marginalized. The BS withdrew from politics, partly due to Operation Coldstore of 1963, in which many leaders of the BS were arrested, and because the party received only thirteen seats in the 1963 elections. The PAP thus attained a hegemonic position insulated from societal business interests and began to transform itself into an elitist cadre party.

Today, the PAP has only around 15,000 members, approximately 1,000 of whom are selected cadres with special rights and responsibilities.⁷¹ The cadre system, inspired by the Catholic Church’s recruitment system, was introduced in 1957, and since 1958 only full cadres have been allowed to elect the Central Executive Committee (CEC), which itself selects the cadres. Most cabinet members are also CEC members. Many of them are recruited from the civil service, statutory boards, and the military.

⁶⁷Interview with Joseph Tong (TI–M), Petaling Jaya, 26 September 2013.

⁶⁸There are only very few cases of strict law enforcement. See, for example, the ruling on the 1996 elections in the constituency Bukit Begunan (Sarawak), which were nullified because of vote buying.

⁶⁹Slater 2012.

⁷⁰McCarthy 2006.

⁷¹On the PAP organization, see Tan 2012.

The party does not stand above the government, and the central executive of the PAP is not nearly as powerful as the government. The PAP has only a few salaried administrative staff, and it does not have any leanings toward mass mobilization. Because of the small size of the city-state, the small party apparatus has, so far, been a sufficient instrument of power (Figure 4).

PAP members of parliament (MPs) connect with the electorate through para-political grass-roots organizations such as the People's Association (PA), community development centers (CDCs), and community centers (CCs).⁷² Resident's committees (RCs), introduced in 1978, are run by volunteers, cover zones within state-run estates, and work closely with MPs, although they are officially nonpartisan.⁷³ If one takes into account the prominent role of GLCs and of the Housing Development Board (HDB), a statutory board under the Ministry of National Development, it is difficult to draw a clear dividing line between the government, business, and the PAP in Singapore.

Since the early 1960s, Singapore has been transformed into an "administrative state"⁷⁴ in which party and state are hardly distinguishable, as Ian Austin observes. The state "consist[s] of politicians and a selected elite bureaucracy-intelligentsia, who themselves often enter politics through the PAP, this elite apparatchik defines what is in the best interest of the Singapore citizen."⁷⁵ The bureaucracy, Ho Khai Leong notes, infiltrates "almost every aspect of [a] citizen's life."⁷⁶ However, the relationship between the state apparatus and the PAP is difficult to describe. For Natasha Hamilton-Hart, the administration "has remained entirely subordinate to the political leadership. Individual bureaucrats occupy important roles but they are integrated into a wider system of government which does not support bureaucratic centres of power."⁷⁷ According to Anthony Cheung, this developmental state, "Singapore, Inc.," has "acted as the centre of a tightly directed network of strategic linkages with politics, bureaucracy, economy and society, creating an all-sectors-in-one configuration."⁷⁸ Hamilton-Hart argues that



Figure 4. Posters of the People's Action Party (top) and Singapore Democratic Party (bottom) hang from a lamppost on Clementi Road in Holland–Bukit Timah GRC during the 2011 general election in Singapore. (Jacklee / wikipedia.org)

⁷²Mauzy and Milne 2002, 42.

⁷³Chong 2011, 126–127.

⁷⁴Chan 1975.

⁷⁵Austin 2009, 267.

⁷⁶Ho 2000, 147.

⁷⁷Hamilton-Hart 2000, 198.

⁷⁸Cheung 2008, 130.

Singapore is not a bureaucratic state that is insulated from private business, but is rather governed by bureaucratic, political, and business elites who are closely tied to each other.⁷⁹ The government is not pristine, but it is largely free from corruption. Already in the mid-1980s, GLCs numbered approximately five hundred. Today, they cover (among others) port development, transport, finance and banking, research and development, urban renewal, tourism, broadcasting, mass rapid transit, construction, and civil aviation, and are fertile ground for public–private ties through joint ownership. Moreover, many civil servants serve within them as board members and in executive positions.

Because of its relative autonomy from capital and labor, the PAP, together with the state administration, plays a critical role in industrialization. When the UK announced in 1967 that it would withdraw its military bases from the country in the mid-1970s, Singapore embarked on an export-oriented industrialization process that was characterized by the strict control of labor organizations, wage reductions, and the active attraction of foreign investment. The Economic Development Board (EDB), the Jurong Town Corporation, and the Development Bank of Singapore have all played a pivotal role in this process.⁸⁰

The regime legitimates itself with an elitist ideology that defines the selection of leaders within the state administration and the PAP as meritocratic. Leadership qualities are measured by outstanding achievements in the very strict educational system, but with a marked bias in terms of subjects, gender, race, and class.⁸¹ Any form of deviant behavior is severely sanctioned. The notion of politics is reduced to the technocratic management of economic and social development and the handling of potential social conflicts. The supposedly “Western” tradition of liberalism, human rights, civil liberties, and political representation is anathema to the PAP.⁸²

Controlling Political Competition

The government bolsters its powerful position by gerrymandering, and new constituency boundaries are often announced very shortly before elections. Elections are also called only a few days before they are held. The Election Commission is under the purview of the Prime Minister’s Department. Mass media and even the Internet are under government control, and a culture of self-censorship is deeply engrained. The opposition is systematically disadvantaged because of restrictions on the freedom of expression, assembly, and organization. It is also typical in Singapore that lawsuits because of libel, the misstating of party funds, bankruptcy, speaking in public, or distributing political flyers without a permit are instrumentalized against opposition candidates.⁸³ Examples include the first opposition parliamentarian, J.B. Jeyaretnam of the Worker’s Party (WP), who was twice disqualified from contesting a seat in Parliament, and Wong Hong Toy, Tang Liang Hong, R. Murugason (all WP), Chee Soon Juan, and Siok Chin Chee (both Singapore Democratic Party, SDP).

The government introduced the Non-Constituency Members of Parliament (NCMP) scheme in 1984 and the Nominated Members of Parliament (NMP) scheme in 1991; it initiated direct presidential elections and group representation constituencies (GRCs) in 1991, which increased the time between elections in 2001 and 2011; and it established a cooling-off day in 2011.⁸⁴ The GRCs have different effects: they limit the opposition’s ability to field adequate candidates, especially from ethnic minorities; they weaken

⁷⁹Hamilton-Hart 2000, 210.

⁸⁰Rodan 2006, 140–142; Stubbs 2012.

⁸¹Barr and Skrbis 2008, 208–211. They even talk of a “myth of meritocracy.”

⁸²McCarthy 2006.

⁸³Rodan 2004, 36.

⁸⁴Each SMC returns one MP, while each GRC returns three, four, five, or six MPs, one of whom must be from the Malay, Indian, or other minority communities. In 2011, eighty-seven MPs were elected in twelve SMCs and fifteen GRCs. Nonconstituency MPs are selected from the candidates of a political party or parties that do not form the government (nine minus the total number of elected opposition MPs in parliament).

the strength of personality in campaigns; and they make it difficult for candidates to focus on single constituencies with specific socioeconomic features.⁸⁵

The PAP's hegemony has been so strong that it was not until the 1981 parliamentary by-elections that the first opposition MP, the WP's J.B. Jeyaretnam, won a seat (Figure 5). In subsequent elections, the PAP was always able to defend a large majority, yet in 2011 it suffered a surprising loss of votes and shifted to a more competitive form of electoral authoritarianism.⁸⁶ Nevertheless, the opposition is for the time being unlikely to win a majority of seats. This is because opposition parties in Singapore have typically been "*ad-hoc* parties, which hurriedly mobilized their machinery and made known their presence only upon the announcement of the general elections. ... [and] state of their finances is woefully inadequate"⁸⁷ to build well-organized apparatuses.

Candidates can campaign from the time the notice of contested election is issued up until the start of the day before polling day (the so-called cooling-off day).⁸⁸ Candidates may also be given airtime by the television stations in proportion to the number of candidates fielded. Campaigning consists of house-to-house visits; the distribution of pamphlets, posters, and banners; advertising on the Internet; and election rallies and meetings. During the 2011 elections, the most intensely contested since the late 1960s, candidates for the first time were allowed to campaign via social media such as YouTube, Facebook, and Twitter. Yet, "advertis[ing] over television, in newspapers, magazines or periodicals, or in a public place, unless ... authorised to do so in accordance with the directions of the Returning Officer"⁸⁹ was prohibited.



Figure 5. Veteran opposition politician J.B. Jeyaretnam holds a press conference in Singapore on 18 April 2008 to announce plans to form a new opposition party, the "Reform Party." (AP Photo / Wong Maye-E)

⁸⁵Mauzy and Milne 2002, 144–145; Tan 2013.

⁸⁶Ortmann 2011.

⁸⁷Mutalib 2004, 260.

⁸⁸On the Parliamentary Elections (Amendment) Bill, see the Hansard at http://sprs.parl.gov.sg/search/topic.jsp?currentTopicID=00004389-WA¤tPubID=00004805-WA&topicKey=00004805-WA.00004389-WA_1%2B%2B (accessed 20 May 2014).

⁸⁹See http://www.eld.gov.sg/elections_parliamentary.html (accessed 23 April 2014).

Party Finances: Low Expenditures

The regulations have indeed resulted in surprisingly low expenditures by political parties and candidates. Singapore is the country with the highest per capita income in the region, yet in 2011 the PAP paid only S\$4.2 million (\$3.4 million) for the eighty-two seats it contested; the six opposition parties combined spent merely S\$1.34 million. PAP candidates disbursed on average approximately three times more money than opposition candidates. In some constituencies the opposition only disposed of S\$0.17 per voter in GRCs and S\$0.49 in single-member constituencies, whereas the PAP spent up to S\$2.81 per voter in SMCs.⁹⁰ Campaigning is indeed relatively inexpensive, considering that S\$3.50 per voter is allowed.

The PAP has various sources of income: membership dues and deductions from the salaries of its MPs and ministers. In 2010, these deductions totaled approximately S\$1.8 million. In addition, the PAP raises money by selling advertising space in its party newsletter and with the help of PAP Community Foundation (PCF) kindergartens, which have been run as so-called charitable organizations associated with the party since 1986.⁹¹ However, given the overall living standard and the very high GDP per capita, this is a small amount of money for a powerful party like the PAP. Arguably, the party itself is not the main vehicle for campaigning, but rather the state bureaucracy and the state media.

MPs who become town councilors decide on huge budgets for the HDB constituents.⁹² In the 1997 election, each constituency had multiple counting centers, and it was easier to identify which residents had voted for the PAP. Nevertheless, face-to-face contact and door-to-door campaigning, plus the popularity and rootedness of opposition candidates in the neighborhoods, are among the factors that enable them to appeal to voters. However, PAP candidates are supported by the party machinery, especially financially, and by the grassroots political organizations. PAP leaders thus perceive their party not as an ordinary player within a multiparty system but as a national institution and the embodiment of Singapore and its economic success story.

In contrast to the well-endowed PAP and its MPs, opposition candidates have to use their own funds. Full-time party work often implies that one has taken early retirement, is living off savings, or is postponing a professional career.⁹³ Some opposition parties, such as the Singapore Democratic Alliance (SDA) and the Singapore People's Party (SPP), raise funds through dinners, sell T-shirts and other items, and also use their newsletters to sell advertising space. Because social media are nowadays of utmost importance in mobilizing support, disseminating information, and organizing campaigning, opposition parties have started to raise funds via the Internet – for example, through Facebook and party websites. Chee Soon Juan (SDP) gathered S\$20,000 online to pay a fine for speaking in public without license,⁹⁴ and five independents standing for the Tanjong Pagar GRC mobilized S\$52,000 online as an electoral deposit.⁹⁵

⁹⁰On SMCs, see note 83. See <http://partyforumseasia.org/tag/singapore-expenses/> (accessed 2 November 2013); Neo 2011. These differences have been the case for a long time. In 1988, PAP candidates spent S\$8,333 on average. Those from the WP and the SDP spent S\$3,281 and S\$4,028, respectively (Mutalib 2004, 262).

⁹¹Mauzy and Milne 2002, 44.

⁹²In 1988, town councilors were tasked with managing the government housing estates.

⁹³On the costs of being an opposition politician, see Barr 2012, 10–13.

⁹⁴See “Dr Chee Soon Juan Launches Book to Raise Funds to Discharge His Bankruptcy,” <http://temasektimes.wordpress.com/2012/08/19/dr-chee-soon-juan-launches-book-to-raise-funds-to-discharge-his-bankruptcy/> (accessed 9 February 2015).

⁹⁵In early 2013 it was reported that the WP was trying to raise S\$1.5 million in order to make the downpayment for new and bigger party headquarters. The Straits Times 2013a.

A Strict Political Finance Regime

In contrast to Malaysia, vote buying, money politics within parties, defections of opposition parliamentarians because of payments by the ruling party, and systematic and uncontrolled over-spending by candidates are alien to politics in Singapore. The country has a political finance regime that is perfectly designed to strengthen the position of the PAP government. The regime has fine-tuned the system with a range of measures. As Netina Tan points out, these “cartel regulations ... limit competition through a variety of practices designed to benefit the incumbent.”⁹⁶ Election deposits, for example, have been increased substantially over the years. From 1948 until 1972 they stood at S\$500 per candidate, in 1988 at S\$4,000, in 2001 at S\$13,000, and in 2011 at S\$16,000.⁹⁷ If a candidate fails to get at least 12.5 percent of the valid votes in his/her constituency, the election deposit is forfeited. This is the largest election deposit in the world. For a six-member GRC, candidates need to raise S\$96,000 for the deposit.

Corporations, even if they are partially government owned or have contracts with the government, may donate without limits. Anonymous donations are only allowed to a maximum of S\$5,000 within the reporting period; only adult Singaporeans and Singaporean companies that undertake most of their business in the country are allowed to donate to political parties. According to the Political Donations Act 2000, foreign donations to political parties and candidates are banned. The Act requires donors to political parties to provide their name, residential address and identity card number and to report to the Registrar if this donation amounts to S\$10,000 or more in a year. The bill was passed at a time when the Internet, according to Eugene Lee “would have greatly facilitated the transfer of funds to political parties had the Act not been implemented.”⁹⁸ Moreover, the Act clearly restricts the opposition, because it covers all “political associations”⁹⁹ whose activities relate to politics - this broad definition may comprise all kinds of organizations. Donations from trade unions, charitable groups, and professional firms are also banned. Additionally, religious and professional organizations, labor unions, and clans are barred from political activities.

Like Malaysia, Singapore has no public funding, and there are no spending limits for political parties; however, there are limits on candidates’ spending. Parties have to report expenses annually, and candidates have to report their elections-related expenditures. There is a strict limit on the campaign expenditures of candidates, and all expenditures of more than S\$10 have to be proven with a receipt. Election offenses may be sanctioned with a fine or a three- year disqualification from the register of electors, from voting in any election, and from running in a parliamentary or presidential election. Candidates and their election agents must account for all election-related spending, and expenditures have to be filed within thirty-one days of the publication of election results. Moreover, a post-election donation report has to be submitted to the Registrar of Political Donations, and a “declaration of the particulars of every Internet election advertising platform (e.g., podcasts, videocasts, blogs, and social networking sites like Facebook) on which election advertising is or will be published by or on his or her behalf during the campaign period” has to be given to the Returning Officer.¹⁰⁰

To summarize, the PAP is almost free of corruption. This means that delegates do not buy party jobs and do not use their position within the PAP to expand their own business or to engage with businessmen outside the party for their own interest. The administrative state is connected to, fused with, and almost identical to the PAP, but the PAP does not exploit the administration for particularistic economic interests. And although the intensity of political competition is increasing, elections are still relatively “clean” and the commercialization of politics is in its infancy.

⁹⁶Tan 2013, 635.

⁹⁷Gomez 2008, 33-34.

⁹⁸Lee 2011.

⁹⁹That is “(a) a political party or an organisation which has as one of its objects or activities the promotion or procuring of the election to Parliament or to the office of President of a candidate or candidates endorsed by the organisation; or (b) an organisation (not being a branch of any organisation) whose objects or activities relate wholly or mainly to politics in Singapore and which is declared by the Minister, by order in the Gazette, to be a political association for the purposes of this Act.”

¹⁰⁰See Elections Department Singapore, <http://www.eld.gov.sg/homepage.html> (accessed 11 February 2014).

Comparing Forms of Money Politics and Political Finance

Malaysia and Singapore are electoral authoritarian regimes as well as administrative and developmental states that share a long and lasting legacy of British colonialism. They were even merged for two years in the mid-1960s. With the help of the media machinery and restrictions on activities by opposition parties and civil society groups, the regimes define the boundaries of the public discourse. Both the BN in Malaysia and the PAP in Singapore try to weaken opposition parties. In both countries, the political finance regime is embedded in an overarching structure that restricts opposition activities and provides the ruling parties with access to state money. The line between public and party funds is hard to draw.

In spite of these similarities, the outcomes could hardly be more different with respect to money politics and the financing of candidates and parties. In Malaysia, a laissez-faire policy and systematic noncompliance are typical, whereas Singapore tightly restricts political finance and has an efficient enforcement regime.

On the Malay Peninsula, the ruling coalition has used all kinds of reforms to restrict opposition activities and to manipulate elections, but it has not introduced strong regulations on political finance. This is due to the fact that the financing of UMNO itself gradually became out of control. Because limits on party spending do not exist and a cap on candidate expenditures is only half-heartedly implemented, the costs of electioneering has continued to rise up. Moreover, the financing of government parties in East Malaysia has been characterized by heavy corruption: regulations regarding political financing are often merely symbolic and money politics is rampant. In this case, political parties (again with UMNO in Sabah as an exception since the mid-1990s) have not have their own businesses but are dependent on rich businessmen-cum- politicians or strongmen/oligarchs. The PBB and other comparable parties do not have a mass base like UMNO; they are vehicles for clientelistic networks to achieve power for economic ends. Strongmen in East Malaysia have used their direct access to patronage and clientelistic parties, and politics has been directly linked to rent-seeking entrepreneurs and much less checked by opposition forces than in West Malaysia. In recent years, this patrimonial pattern has been increasingly federalized and nationalized and adapted to a general Malaysian form of political financing. This is markedly different from Singapore, where regulations are strict due to a technocratic, developmentalist strategy that is based on bureaucratic efficiency and effective law enforcement. As Tan argues, the government has always controlled political party and candidate expenditures: “Singapore’s stringent measures underscore the country’s intolerance for money politics but also reflect the repression of a healthy and competitive electoral climate.”¹⁰¹ The different political finance regimes have to be evaluated against the background of different development strategies. In Malaysia, with the NEP, the government tried to build genuine Malay entrepreneurs, whereas in Singapore the government never really trusted private entrepreneurs and focused on the state apparatus and GLCs in order to bring about the transformation of the economy. In Singapore, this process was accompanied by strict regulations and a fight against corruption¹⁰² - for example, by the Corrupt Practices Investigation Bureau (CPIB) – whereas in Malaysia regulations are often only pro forma and the Malaysian Anti-Corruption Commission (MACC) is merely a paper tiger. This means that money politics is different in the two states. In Malaysia, UMNO finances campaigns and the party machinery via political business (plus state money and donations from cronies), while in Singapore, the PAP uses the state machinery but owns no significant assets itself.

One of the main differences between Singapore and Malaysia is the role of the hegemonic party. UMNO is a mass party with more than 3 million members, is well-institutionalized, and plays an important role during and between elections. It initially built a conglomerate that was deeply connected to the state and

¹⁰¹Tan 2010, 173.

¹⁰²Bellows 2009.

to various cronies, but was trapped later because the business empire had to be hidden from the public eye. Over time, however, UMNO's business became an open secret and compromised the whole party. At least since the 1980s, the opposition in Malaysia has criticized UMNO as a corrupt party of "UMNOputeras." Money politics characterizes not only its financing, but also the internal competition for party posts. The PAP, in contrast, is a cadre party and its role within the regime is subdued. The selection of cadres is opaque but in all likelihood free from money politics. Only during campaigning does the machinery come to life. Party administration and electioneering is relatively inexpensive, and elections are won with the help of the extremely strong state administration, which includes powerful state-owned companies. The PAP itself does not own huge enterprises. Strict regulations and the effective control of corruption guarantee an electoral process that is relatively clean. The party financing regime serves to circumscribe the extent of political competition and to strangle opposition parties (Figure 6).



Figure 6. A Worker's Party supporter waves the national flag of Singapore (left) and the Worker's Party flag (right) as opposition party members awaited election results in Singapore on 7 May 2011. (AP Photo / Wong Maye-E)

The very strong connection between party politics and business, in other words: crony capitalism, requires a lack of transparency. Therefore, the ruling parties in Malaysia and Singapore have no interest in debating party financing in public and in accurately reporting their incomes and expenses because they are closely enmeshed with the state bureaucracy and GLCs. However, they both force opposition candidates to report on their finances, obviously in order to control cash flows at this level. Nevertheless, candidates in Malaysia, where oversight and sanctioning are weak, regularly spend more than allowed. Particularly the above-mentioned transgressions of BN parties in Sabah and Sarawak such as vote-buying and overspending are tolerated by the federal government that has no interest in. Furthermore, the current financial advantage of BN candidates over their adversaries would render spending caps, for example, counterproductive.

The obvious role of money politics has led to calls for change. In Malaysia, organizations such as Transparency International and Malaysians for Free and Fair Elections (Mafrel) are working on election-related issues. In November 2007, July 2011, and April 2012 tens of thousands of protestors in Kuala Lumpur demanded free and fair elections. They had gathered under the leadership of Bersih, the "Coalition for Clean and Fair Elections," an opposition movement that consists of nongovernmental organizations and political parties. Similarly, but by far not as outspoken and visible, Singaporeans for Democracy¹⁰³ is also calling for reforms such as government funding for political parties.

¹⁰³Singaporeans for Democracy (SFD) 2010.

Reforming the political finance regulatory frameworks is crucial. In Malaysia, where the opposition has gained enormous strength since the late 1990s, such reforms are perceived as a centerpiece of the pro-democracy movement. In Singapore, such reforms could at least strengthen the notoriously feeble opposition parties.

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